

**ASSEMBLY BILL**

**No. 1116**

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**Introduced by Assembly Member Hall**

February 22, 2013

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An act to amend Section 25600.5 of the Business and Professions Code, relating to alcoholic beverages.

LEGISLATIVE COUNSEL'S DIGEST

AB 1116, as introduced, Hall. Alcoholic beverages: licensees.

Existing provisions of the Alcoholic Beverage Control Act generally prohibit manufacturers, winegrowers, bottlers, importers, wholesalers, and others from performing certain activities, with specified exceptions. Existing law, until January 1, 2014, permits specified licensees, or any authorized agent of those persons to provide, free of charge, entertainment, food, and distilled spirits, wine, or nonalcoholic beverages to a limited number of consumers over 21 years of age at an invitation-only event, held on specified premises, in connection with the sale or distribution of wine or distilled spirits, as provided.

This bill would authorize the holding of these events on the premises of a licensed hotel, as defined, would expand the number of consumers that may attend these events, and would remove the repeal date for these provisions.

The Alcoholic Beverage Control Act provides that a violation of specified provisions of the act is punishable as a misdemeanor. This bill, by expanding the definition of an existing crime, would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 25600.5 of the Business and Professions  
2 Code is amended to read:  
3 25600.5. Notwithstanding any other provision of this division,  
4 a manufacturer of distilled spirits, distilled spirits manufacturer's  
5 agent, winegrower, rectifier, or distiller, or its authorized unlicensed  
6 agent, may provide, free of charge, entertainment, food, and  
7 distilled spirits, wine, or nonalcoholic beverages to consumers at  
8 an invitation-only event in connection with the sale or distribution  
9 of wine or distilled spirits, subject to the following conditions:  
10 (a) No licensee, other than those specified in this section, may  
11 conduct or participate in any portion of an event authorized by this  
12 section. A licensee authorized to conduct an event pursuant to this  
13 section shall not be precluded from doing so on the basis of holding  
14 any other type of alcoholic beverage license.  
15 (b) An event authorized by this section shall be conducted on  
16 premises *either the:*  
17 (1) *Premises* for which a caterer's permit authorization has been  
18 issued, except that any event held on the premises of a licensed  
19 winegrower shall not be authorized to provide any distilled spirits  
20 other than brandy.  
21 (2) *Premises of a licensed hotel, except that any event held on*  
22 *the premises of the licensed hotel be held in an area that is not*  
23 *open to the general public. For purposes of this paragraph, "hotel"*  
24 *means any hotel, motel, resort, bed and breakfast inn, or other*  
25 *similar transient lodging establishment, but it does not include*  
26 *any residential hotel as defined in Section 50519 of the Health and*  
27 *Safety Code.*  
28 (c) ~~No~~ Except as provided in paragraph (2) of subdivision (b),  
29 an event authorized by this section shall *not* be conducted on  
30 premises for which a permanent retail license has been issued.  
31 (d) Except for fair market value payments authorized pursuant  
32 to this section, a licensed caterer shall not receive any other item

1 of value or benefit in connection with events authorized by this  
2 section.

3 (e) The person authorized by this section to provide, free of  
4 charge, entertainment, food, and beverages shall be present during  
5 the event.

6 (f) The person authorized by this section to provide, free of  
7 charge, entertainment, food, and beverages shall have sole  
8 responsibility for providing payment for the entertainment, food,  
9 beverages, and rental fees at the event. Payments for entertainment,  
10 food, beverages, and rental fees shall not exceed fair market value.  
11 No other licensed person shall be authorized, under this section,  
12 to provide any portion of these payments.

13 (g) Requests for attendance at the event shall be by invitation  
14 sent to consumers over 21 years of age at a specific address via  
15 mail or e-mail, by telephone, or presented in person. Invitations  
16 or other advertisements of the event shall not be disseminated by  
17 any other means. Invitations shall not be sent by the authorized  
18 person or their authorized unlicensed agent inviting all of the  
19 employees of a retail licensee or a chain of retail licensees under  
20 common ownership to an authorized event.

21 (h) Attendance at the event shall be limited to consumers who  
22 receive and accept an invitation to the event. Invited consumers  
23 may each invite one guest. All attendees shall be over 21 years of  
24 age. The total number of consumers and their guests allowed at  
25 any event authorized by this section shall not exceed ~~400~~ 600  
26 people. Admittance to the event shall be controlled by a list  
27 containing the names of consumers who accepted the invitation  
28 and their guests. The persons identified in this section shall be  
29 responsible for compliance.

30 (i) No premium, gift, free goods, or other thing of value may  
31 be given away in connection with the event, except as authorized  
32 by this division.

33 (j) The duration of any event authorized by this section shall  
34 not exceed four hours.

35 (k) (1) A person authorized to conduct events pursuant to this  
36 section shall not conduct more than 12 events in a calendar year  
37 where the consumers and guests in attendance exceed 100 people,  
38 and not more than 24 events in a calendar year where the  
39 consumers and guests in attendance is 100 people or fewer.

(2) The limitation on events authorized by this section shall be by person, whether that person holds a single license or multiple licenses. If a person holds multiple licenses, the limitation shall be applied to the person holding the license, not by type of license.

(l) When applying for a caterer's permit authorization, the person authorized to conduct an event pursuant to this section shall include, in addition to any information required by the department, all of the following information:

(1) The name of the company authorized to conduct the event.

(2) The number of people planned to be in attendance.

(3) The start and end times for the event.

(4) The location of the event.

(m) All alcoholic beverages provided pursuant to this section shall be purchased from the holder of the caterer's permit *or the licensed hotel, as applicable*.

(n) All alcoholic beverages served at an event authorized by this section shall be served in accordance with Sections 25631 and 25632.

(o) No person authorized to conduct an event pursuant to this section shall hold such an event at the same location more than eight times in a calendar year.

(p) The person authorized to conduct an event under this section may provide attendees at the event with a free ride home. The free rides shall only constitute free ground transportation to attendees' homes or to hotels or motels where attendees are staying.

(q) In addition to the prescribed fee imposed upon a licensed caterer to conduct an event authorized by this section, the department may also impose a fee upon a licensee authorized by this section to provide, free of charge, entertainment, food, and beverages at an authorized event. The fee shall be representative of the cost of administering and enforcing the provisions of this section, but shall not exceed two hundred dollars (\$200) per event.

(r) The Legislature finds and declares both of the following:

(1) That it is necessary and proper to require a separation between manufacturing interests, wholesale interests, and retail interests in the production and distribution of alcoholic beverages in order to prevent suppliers from dominating local markets through vertical integration and to prevent excessive sales of alcoholic beverages produced by overly aggressive marketing techniques.

1 (2) Any exception established by the Legislature to the general  
2 prohibition against tied interests must be limited to the express  
3 terms of the exception so as to not undermine the general  
4 prohibitions.

5 ~~(s) This section shall remain in effect until January 1, 2014, and~~  
6 ~~as of that date is repealed, unless a later enacted statute that is~~  
7 ~~enacted before January 1, 2014, deletes or extends that date.~~

8 SEC. 2. No reimbursement is required by this act pursuant to  
9 Section 6 of Article XIII B of the California Constitution because  
10 the only costs that may be incurred by a local agency or school  
11 district will be incurred because this act creates a new crime or  
12 infraction, eliminates a crime or infraction, or changes the penalty  
13 for a crime or infraction, within the meaning of Section 17556 of  
14 the Government Code, or changes the definition of a crime within  
15 the meaning of Section 6 of Article XIII B of the California  
16 Constitution.